

SECOND REGULAR SESSION

HOUSE BILL NO. 1566

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES NICHOLS (Sponsor), WHITE, DAVIS,
TAYLOR AND McCREERY (Co-sponsors).

5394L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 407.725, RSMo, and to enact in lieu thereof one new section relating to home exterior contractors, with a penalty provision.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 407.725, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 407.725, to read as follows:

407.725. 1. As used in this section, the following terms mean:

(1) "Residential contractor", a person or entity in the business of contracting or offering to contract with an owner or possessor of residential real estate to repair or replace roof systems or perform any other exterior repair, replacement, construction, or reconstruction work on residential real estate;

(2) "Residential real estate", a new or existing building constructed for habitation by one to four families, including detached garages;

(3) "Roof system", includes roof coverings, roof sheathing, roof weatherproofing, and insulation.

2. A residential contractor shall not advertise or promise to pay or rebate all or any portion of any insurance deductible as an inducement to the sale of goods or services. As used in this section, a promise to pay or rebate includes granting any allowance or offering any discount against the fees to be charged or paying the insured or any person directly or indirectly associated with the property any form of compensation, gift, prize, bonus, coupon, credit, referral fee, or other item of monetary value for any reason.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 3. A person who has entered into a written contract with a residential contractor to
17 provide goods or services to be paid under a property and casualty insurance policy may cancel
18 the contract prior to midnight on the fifth business day after the insured party has received
19 written notice from the insurer that all or any part of the claim or contract is not a covered loss
20 under the insurance policy. Cancellation shall be evidenced by the insured party giving written
21 notice of cancellation to the residential contractor at the address stated in the contract. Notice
22 of cancellation, if given by mail, shall be effective upon deposit into the United States mail,
23 postage prepaid and properly addressed to the residential contractor. Notice of cancellation need
24 not take a particular form and shall be sufficient if it indicates, by any form of written expression,
25 the intention of the insured party not to be bound by the contract.

26 4. Before entering a contract referred to in subsection 3 of this section, the residential
27 contractor shall:

28 (1) Furnish the insured party a statement in boldface type of a minimum size of ten
29 points, in substantially the following form:

30

31 You may cancel this contract at any time before midnight on the fifth business day after you have
32 received written notification from your insurer that all or any part of the claim or contract is not
33 a covered loss under the insurance policy. See attached notice of cancellation form for an
34 explanation of this right.; and

35 (2) Furnish each insured a fully completed form in duplicate, captioned "NOTICE OF
36 CANCELLATION", which shall be attached to the contract but easily detachable, and which
37 shall contain, in boldface type of a minimum size of ten points, the following statement:

38 NOTICE OF CANCELLATION If you are notified by your insurer that all or any part
39 of the claim or contract is not a covered loss under the insurance policy, you may cancel the
40 contract by mailing or delivering a signed and dated copy of this cancellation notice or any other
41 written notice to (name of contractor) at (address of contractor's place of business) at any time
42 prior to midnight on the fifth business day after you have received such notice from your insurer.
43 If you cancel, any payments made by you under the contract, except for certain emergency work
44 already performed by the contractor, will be returned to you within ten business days following
45 receipt by the contractor of your cancellation notice.

46

47 I HEREBY CANCEL THIS TRANSACTION

48

49 _____
(date)

50

51 _____
(insured's signature).

52 5. Within ten days after a contract referred to in subsection 3 of this section has been
53 cancelled, the contractor shall tender to the owner or possessor of residential real estate any
54 payments, partial payments, or deposits made and any note or other evidence of indebtedness.
55 If, however, the contractor has performed any emergency services, acknowledged by the insured
56 in writing to be necessary to prevent damage to the premises, the contractor shall be entitled to
57 the reasonable value of such services. Any provision in a contract referred to in subsection 3 of
58 this section that requires the payment of any fee for anything except emergency services shall not
59 be enforceable against the owner or possessor of residential real estate who has cancelled a
60 contract pursuant to this section.

61 6. [A residential contractor shall not represent or negotiate, or offer or advertise to
62 represent or negotiate, on behalf of an owner or possessor of residential real estate on any
63 insurance claim in connection with the repair or replacement of roof systems, or the performance
64 of any other exterior repair, replacement, construction, or reconstruction work.

65 7.] Any violation of this section by a residential contractor shall be considered an unfair
66 practice pursuant to the Missouri merchandising practices act as codified in this chapter.

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